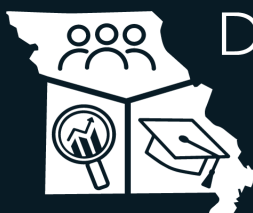
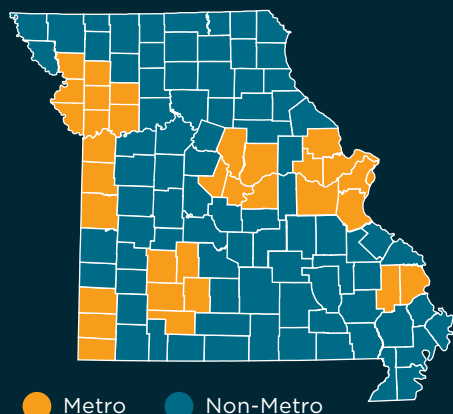


MISSOURI WORKFORCE 2020 EMPLOYER SURVEY REPORT



DEPARTMENT OF
HIGHER EDUCATION &
WORKFORCE DEVELOPMENT



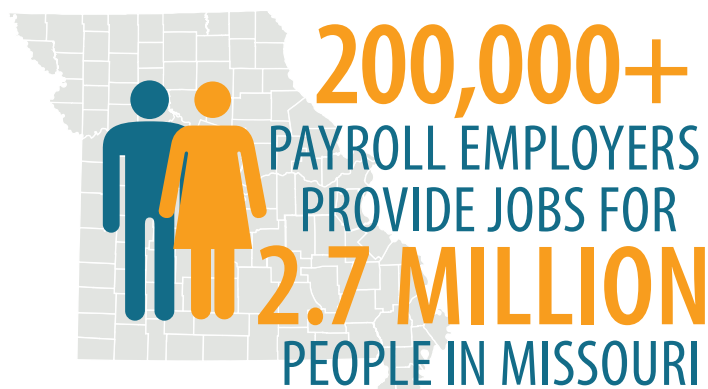
MISSOURI WORKFORCE 2020 EMPLOYER SURVEY REPORT

DEPARTMENT OF
HIGHER EDUCATION &
WORKFORCE DEVELOPMENT

A state's employers and workforce are economic drivers of its success. Missouri has over 200,000 payroll employers who provide jobs for 2.73 million people. Understanding workforce trends and future plans of employers can help inform how to address future staffing, training, and support needs.

For the second consecutive year, Missouri has conducted a survey asking questions about the workforce of a representative sample of Missouri's employers. As in the 2019 survey, the 2020 update provides insights on hiring trends, barriers to expanding employment, and workforce initiatives of Missouri employers. However, 2020 has been an extraordinary year for employers as they have navigated the COVID-19 pandemic. This report will examine if and how responses have changed compared to 2019, and look more closely at the impact of COVID-19 on Missouri's businesses.

The survey also delves into the differences in employer responses in metropolitan areas compared to non-metropolitan areas. About 2.25 million Missouri jobs, or 89 percent, are in metro areas, while the remaining are in non-metro locations. Metropolitan areas represent larger cities and adjacent counties with strong commuting ties. In Missouri, these metropolitan areas are spread across the state and include Kansas City, St. Louis, Joplin, Springfield, Columbia, Jefferson City, and Cape Girardeau. Non-metro and metropolitan areas are more broadly connected, tying together producers and consumers that are vital to the state and nation's economy. This 2020 survey looked at both metro and non-metro employers to understand key similarities or differences that may help inform workforce or economic development decisions.



Businesses Surveyed

NAICS Code	Industry Description	# of Businesses Surveyed
11	Agriculture, Forestry, Fishing and Hunting	12
23	Construction	55
31-33	Manufacturing	37
42	Wholesale Trade	32
44-45	Retail Trade	88
48-49	Transportation and Warehousing	19
51	Information	9
52	Finance and Insurance	44
53	Real Estate and Rental and Leasing	31
54	Professional and Technical Services	57
56	Administrative and Waste Services	27
61	Educational Services	7
62	Health Care and Social Assistance	113
71	Arts, Entertainment, and Recreation	18
72	Accommodation and Food Services	64
81	Other Services	55
	Other Small Sectors*	22
Total		690

OTHER SMALL SECTORS WITH LESS THAN 1% OF ESTABLISHMENTS: NAICS 21 MINING, QUARRYING, AND OIL AND GAS EXTRACTION, NAICS 22 UTILITIES, NAICS 55 MANAGEMENT OF COMPANIES AND ENTERPRISES, NAICS 99 UNCLASSIFIED

Nearly 700 Missouri companies, with five employees or more, were surveyed between July 13 and September 11, 2020, to gauge the state of the workforce from the employers' point of view.

A few key themes from the survey:

- Most employers anticipate retaining employment levels over the next 12 months. A greater percentage of employers plan to expand employment vs. decrease employment next year.
- The largest barrier to expanding employment continues to be a shortage of workers with knowledge and skills.
- The greatest shortages are found in *Skilled Trades* and *Patient Care*.
- In nearly all skills areas, shortages were higher in non-metro areas vs. metro areas.
- Employers responding to the survey are less likely to consider justice-involved individuals than last year's survey respondents.

EMPLOYER SURVEY

HIRING TRENDS

To gauge employment outlook, employers were asked a series of questions about past staffing levels and future plans for hiring in their businesses.

When asked about employment changes over the last 12 months, over one-half (57%) of employers replied that employment levels stayed the same. Compared to 2019, Missouri employers were more likely to maintain steady levels of employment but less likely to increase. Twenty percent of employers said they increased employment slightly or significantly, down from 32 percent in 2019. Employers in metro areas were more likely to say employment levels had decreased slightly or significantly than non-metro, with 26 percent of metro employers reporting a decrease in employment compared to 20 percent of non-metro.

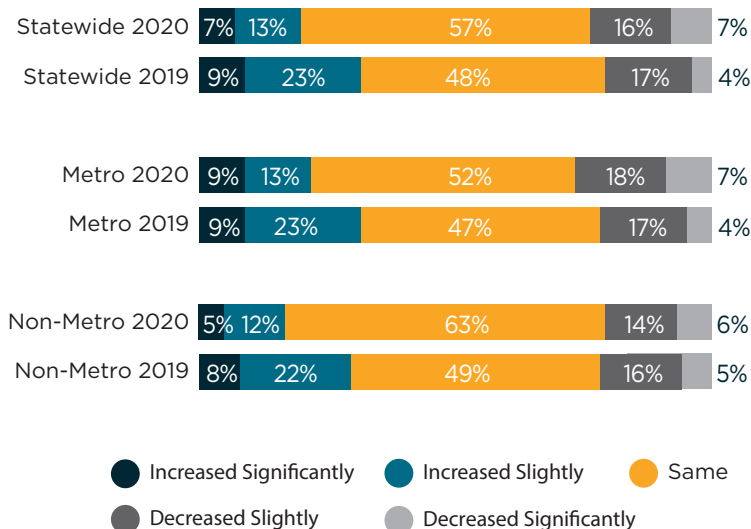
Employers who significantly increased or decreased employment were then asked if the change was due to the COVID-19 pandemic. Fifty-eight percent said yes, while 42 percent said no. Responses were similar in both metro and non-metro areas, with 59 percent of metro and 56 percent of non-metro employers stating COVID-19 was the reason for the change.

During the next year, 56 percent of employers expect staffing levels to remain the same as this year. Metro employers were slightly more hopeful than non-metro in expanding employment over the next 12 months (42% metro vs. 33% non-metro). While metro employers were more optimistic of increasing employment, non-metro were more likely to say they expect employment levels to remain unchanged (61% non-metro vs. 53% metro).

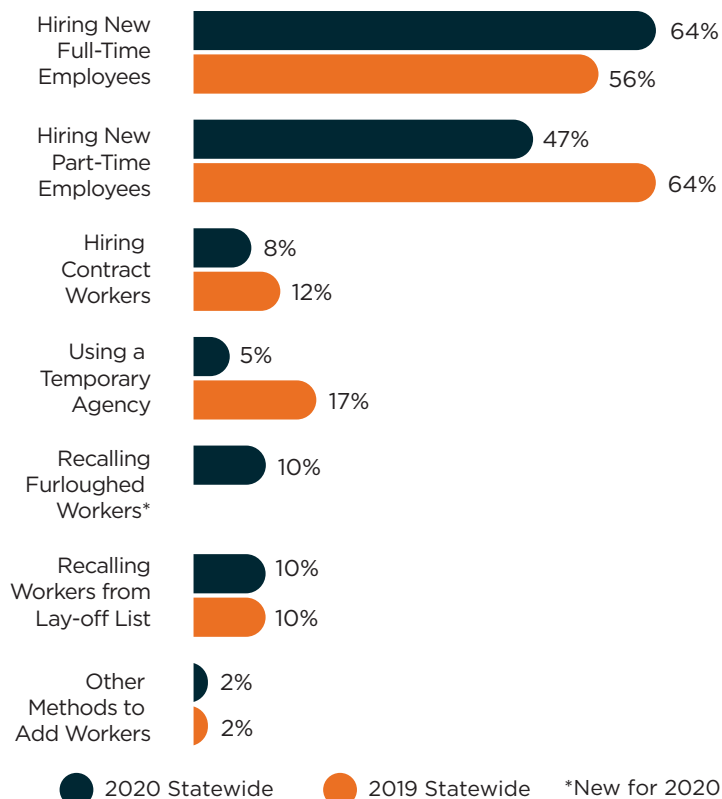
Plans to increase employment differ among metro and non-metro employers compared to 2019. Forty-two percent of metro employers expect employment levels to increase, compared to 30 percent in 2019. Responses from employers that expect employment to remain the same are relatively equal to last year (53% vs. 54% in 2019). Conversely, non-metro employers that expect increased employment levels remained nearly the same as a year ago (34% vs. 36% in 2019). Non-metro employers were much more likely to think employment levels would remain the same (61% vs. 45% in 2019), while the proportion of employers who expect to decrease employment is lower in 2020 (5%) than in 2019 (18%).

Employers were then asked how they would add workers to their firm. Twenty percent said they would either recall *furloughed workers* or workers from a *laid-off list*. Compared to 2019, employers were more likely to hire *full-time* rather than *part-time* employees. Employers responded that they were less likely to use certain methods compared to 2019, including *hiring contract workers* and *using a temporary agency*. Results are similar in both metro and non-metro areas of the state.

Employment Change Over the Last 12 Months



Methods to Add Workers



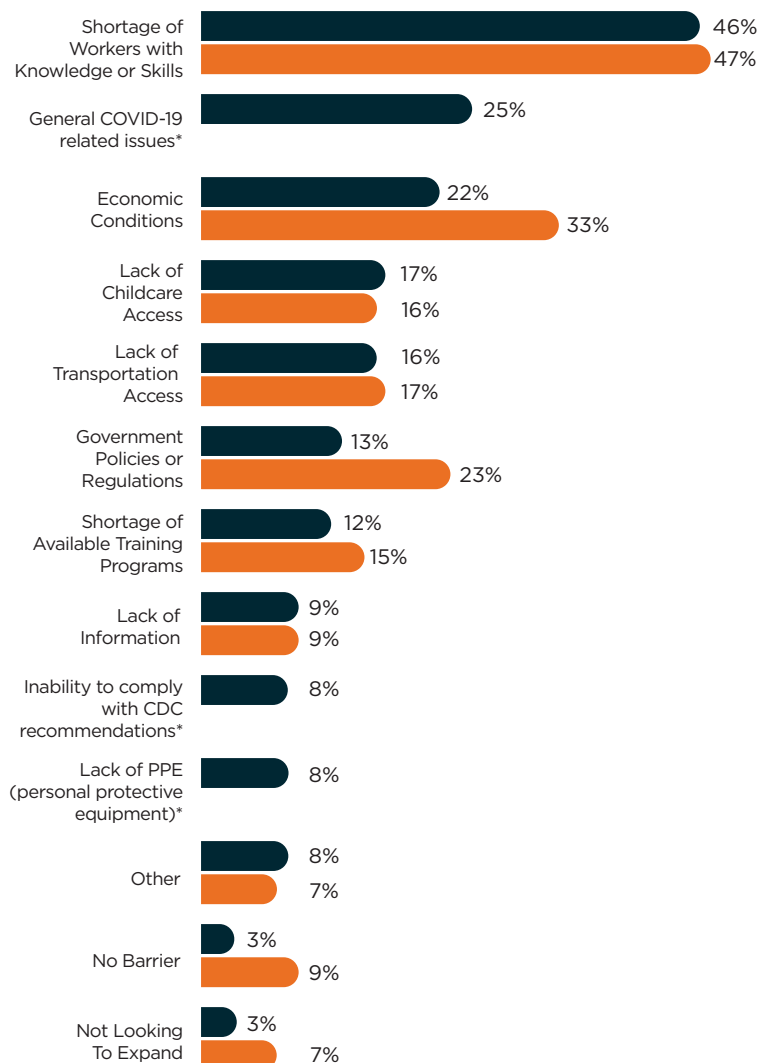
EMPLOYER SURVEY

BARRIERS TO EXPANDING EMPLOYMENT

Employers face a variety of barriers to expanding employment. The largest barrier to expanding employment continues to be a *shortage of workers with knowledge or skills*, with nearly one-half of employers stating it was a problem, down slightly from 2019. Although there would appear to be a large workforce available with unemployment rates being higher than previous years, many workers do not have the skills employers need. One in four (25%) cited *COVID-19 issues* as a barrier. This is not surprising, as many businesses, particularly service based, have had to change how they operate. In addition, consumer spending in some sectors has been down during the pandemic, causing less need for expanding employment in those industries. The biggest changes from last year were fewer employers citing *barriers of economic conditions* (11% decrease) and *government policies or regulations* (10% decrease).

To dive deeper into the barriers, employers were asked to rank on a five-point scale how important each employment barrier was to their businesses. The chart below shows the average score from employers throughout the state. A *shortage of workers with knowledge or skills* is the highest barrier across the state, with an average score of 3.92 from 46 percent of surveyed employers. *Shortage of training programs* dropped significantly from 3.98 in 2019 to 3.24 in 2020. For the second year in a row, metro employers cited *government policies or regulations* as the most critical barrier. *Lack of PPE (personal protective equipment)* and *general COVID-19 issues* were a bigger barrier in metro than non-metro areas.

Barriers to Expanding Employment Level

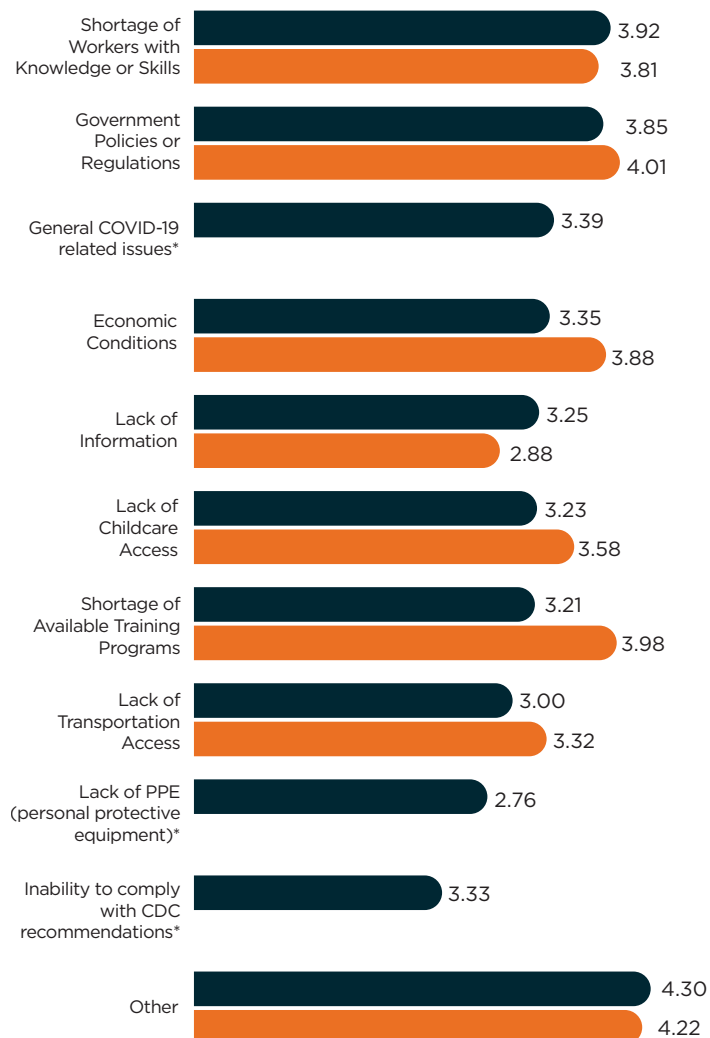


● 2020 Statewide ● 2019 Statewide *New for 2020

**Employers can select more than one response

Average Importance of Barriers to Expanding Employment

Ratings 1 to 5, 1 being the lowest.



● 2020 Statewide ● 2019 Statewide *New for 2020

EMPLOYER SURVEY

EDUCATION AND EXPERIENCE LEVELS

The skills and education needed to support businesses are ever-changing, therefore, preparing the workforce with the right skills and knowledge is crucial to supporting businesses in the state.

Understanding workforce needs begins with understanding the types of experience, education, and skill sets employers need within their businesses to fill the various jobs. Starting with experience, employers were asked if they employ positions requiring various levels of experience. Employer responses for each experience level were significantly lower than 2019.

Knowing that employers need workers with various experience levels, employers were also asked what percentage of positions employed in their businesses required each level of experience. Statewide, over half of employers indicated they had no positions that required *no experience*, and no positions that require *four or more years of experience*, indicating a need for short to moderate training and experience. This is an increase over 2019 levels of 41 and 38 percent, respectively. There were no significant differences in the responses from metro and non-metro employers.

Formal education is required for some jobs. Employers were asked about the education requirements for positions at each of the education levels described as *low-skill* – requiring high school or less, *middle-skill* – requiring education beyond high school but less than a four-year degree, and *high-skill* – requiring a four-year degree or above. In 2020, the highest percentage of employers indicated they had positions requiring a *low-skill education* and *middle-skill education* (58% for each), but these results were much lower than the 2019 levels of 85 percent and 63 percent, respectively. Results in each category and comparisons to 2019 data were similar to the statewide data in both metro and non-metro areas.

LOW-SKILL –

REQUIRING HIGH SCHOOL OR LESS

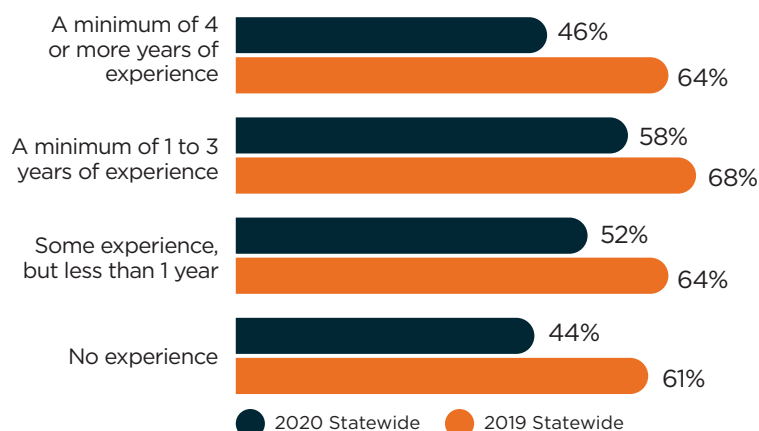
MIDDLE-SKILL –

REQUIRING EDUCATION BEYOND HIGH SCHOOL BUT LESS THAN A FOUR-YEAR DEGREE

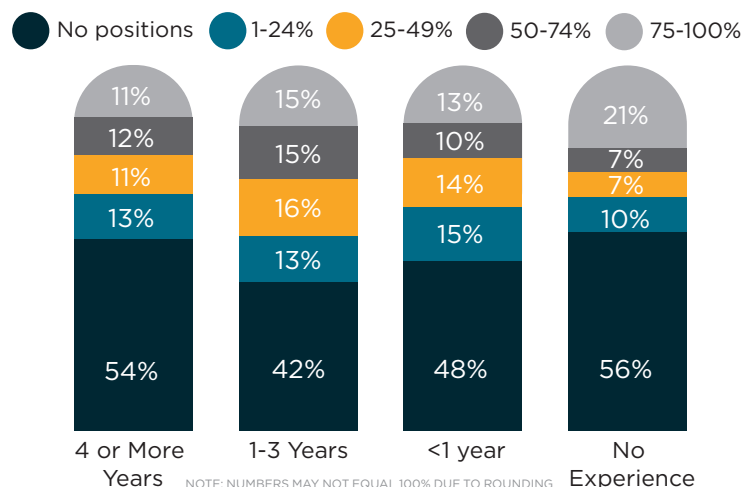
HIGH-SKILL –

REQUIRING A FOUR-YEAR DEGREE OR ABOVE

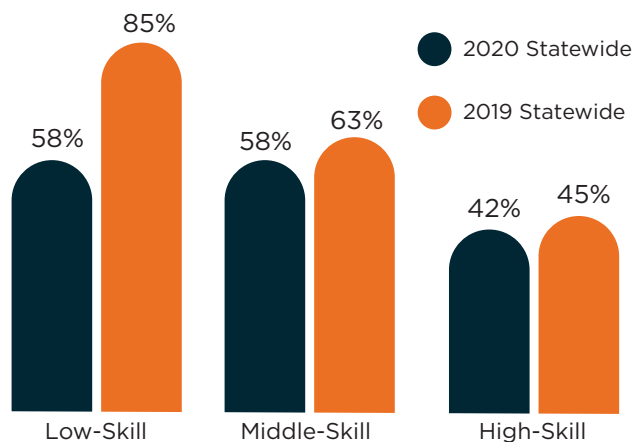
Percent of Employers with Jobs at Specified Experience Levels



Percentage of Positions Requiring the Indicated Level of Experience



Percent of Employers with Jobs at Specified Education Levels

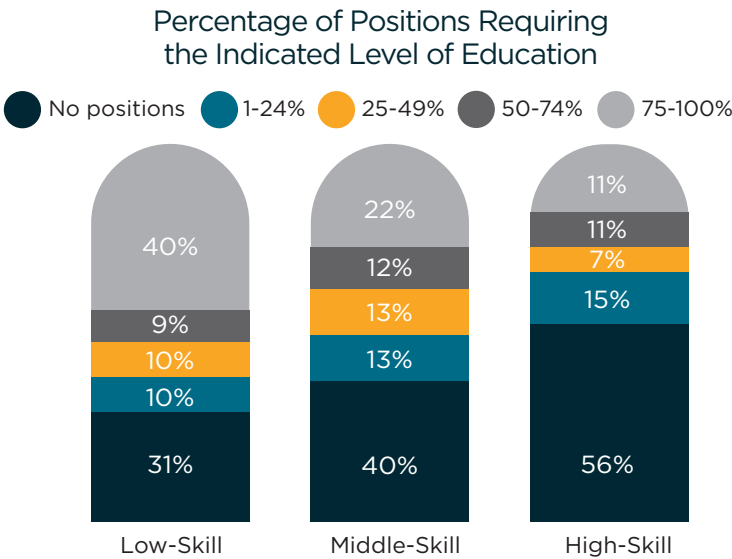


EMPLOYER SURVEY

EDUCATION AND EXPERIENCE LEVELS CONTINUED

As with experience levels, employers were also asked what percentage of their positions required each level of education. Metro and non-metro areas responded similarly so the chart to the right indicates the statewide education breakouts by percentage of jobs. Forty-nine percent of employers said over half of their jobs were *low-skill*, much lower than the 72 percent reported in 2019.

Although many job positions are available for low-skill workers, unemployment rates are still higher for less educated workers. Workers with a high school diploma or equivalent had an unemployment rate of 7.2 percent in 2019, compared to 1.5 percent for people with a bachelor's degree or higher. Median earnings for low-skill workers are also less than half what they are for high-skill workers. Although low-skill jobs are prevalent, the supply of workers outweighs the demand.



Missouri Unemployment Rates and Earnings by Education

Unemployment Rate	Educational Attainment	Median Earning
7.2%	Less than high school graduate	\$24,831
4.0%	High school graduate / GED	\$31,297
3.1%	Some college or associate degree	\$36,127
1.5%	Bachelor's degree or higher	\$57,292

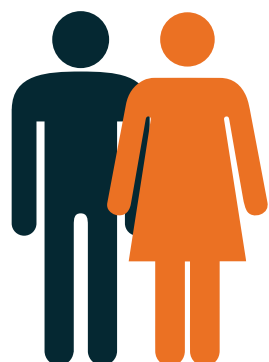
BACHELOR'S (\$51,217) AND GRADUATE (\$63,368) DEGREE MEDIANS
SOURCE: 2019 AMERICAN COMMUNITY SURVEY, US CENSUS BUREAU



49% OF EMPLOYERS SAID OVER HALF OF THEIR JOBS WERE LOW-SKILL

EMPLOYER SURVEY

ADDRESSING COMPANY SKILL SHORTAGES



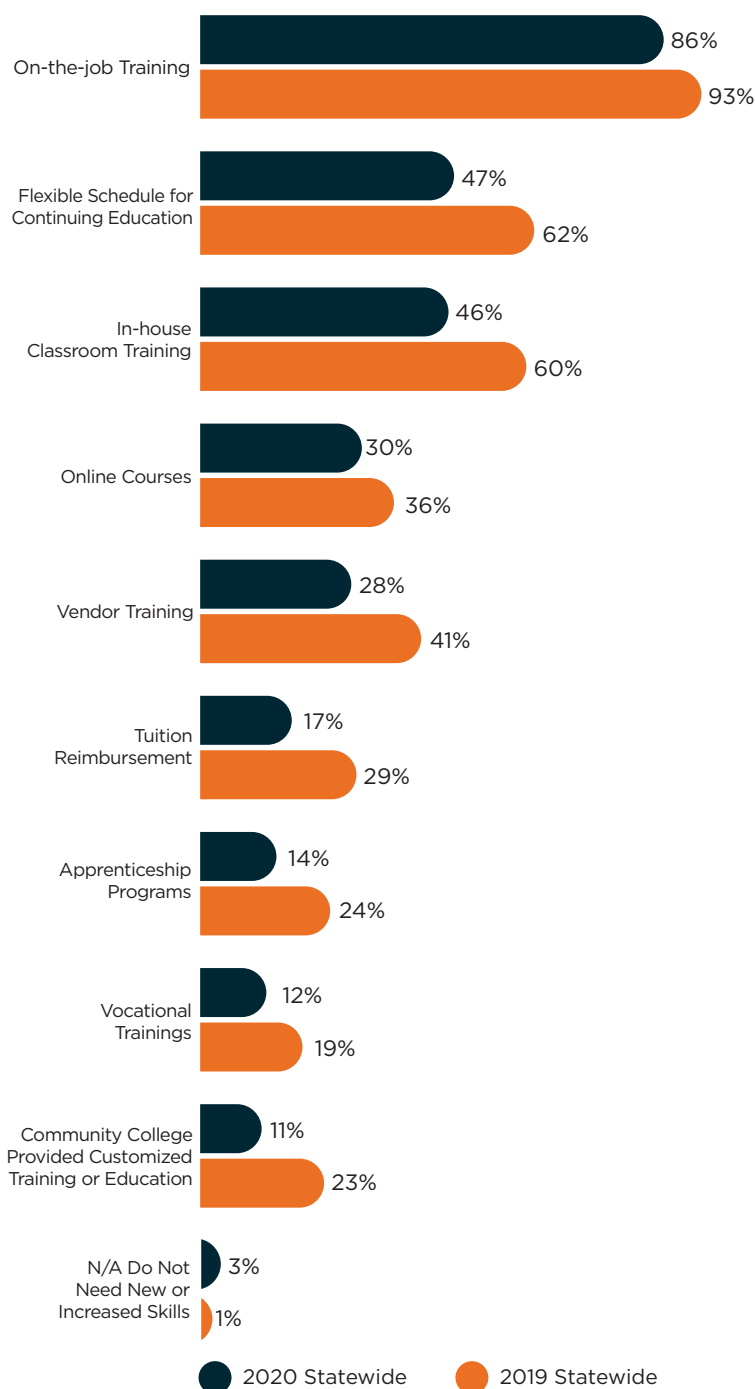
86% OF EMPLOYERS ARE ADDRESSING THE SKILL SHORTAGE WITH ON-THE-JOB TRAINING

Companies have been addressing skill shortages in numerous ways to ensure workers have the skills to support business operations. Employers were asked how the skill shortages are addressed, providing valuable information about the types of training or education needed to support employer efforts. All of the various methods used to assist current workers to address the companies' needs for new or increased skills declined from 2019 to 2020. This could indicate that employers may be less willing or unable to upskill their workers or resolve skill gaps. The upheaval caused by the pandemic, and, in particular, the current social distancing requirements and the need to rethink day-to-day business operations is likely a large contributor. The difference in results from last year is particularly noticeable in *flexible schedules for continuing education*, *in-house classroom training*, *tuition reimbursement*, *vendor training*, and *community college provided training*. As most methods require a financial commitment from the company, employers may be hesitant to budget to train workers with the uncertainty of COVID-19 affecting their businesses, and more unemployed workers looking for work could potentially provide a larger talent pool from which to draw.

Nevertheless, with nearly half of employers saying a *shortage of workers with knowledge or skills* is a barrier to expanding employment, the shortages will need to be addressed. Nearly nine in ten (86%) employers say they are addressing the skill shortage with *on-the-job training*.

Responses from metro and non-metro employers were comparable to the stateside results for each category and year over year.

Methods to Assist Current Workers in Addressing New or Increased Skills Needs



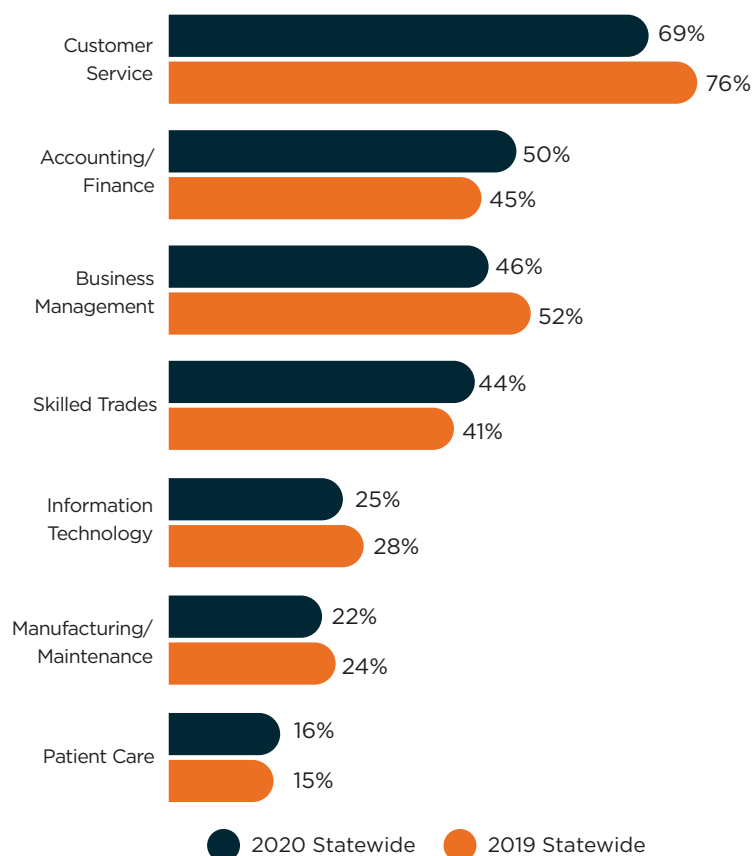
EMPLOYER SURVEY

TYPES OF OCCUPATIONS AND SKILL LEVELS

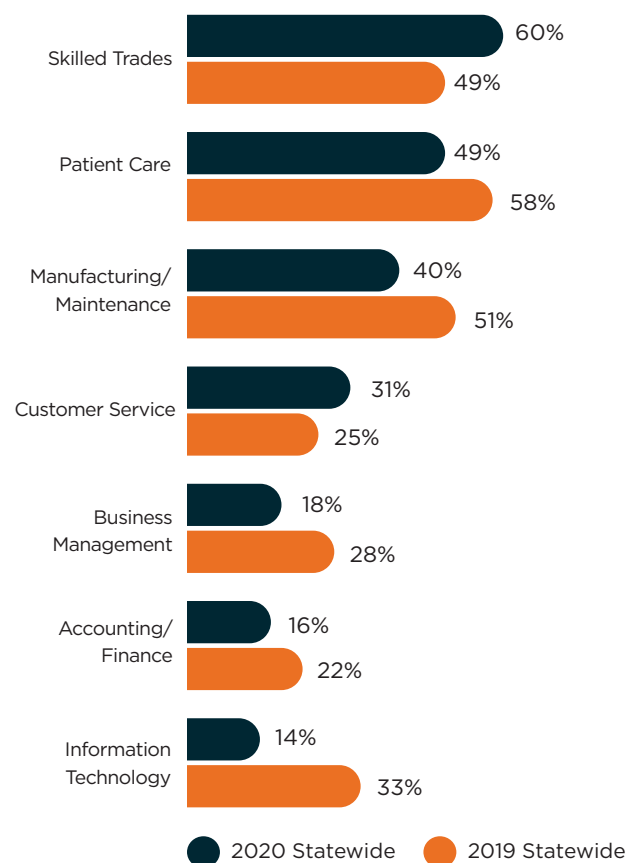
Companies employ workers in a variety of functional areas, or occupational families, with distinct skill sets. Sixty-nine percent of surveyed firms employ workers in *Customer Service*, with slightly more of those in metro areas (72%) than non-metro areas (66%). More non-metro than metro employers employed workers in *Patient Care* (21% non-metro vs. 16% metro). The health care industry makes up a larger portion of employers in non-metro areas, which can partially explain the difference in *Patient Care*. Statewide, the number of employers with *Business Management* employees decreased by 6 percent in 2020 compared to 2019.

Companies that indicated employees in each functional area were then asked if they were seeing a shortage of skilled applicants in those areas. The largest shortages statewide are in *Skilled Trades* and *Patient Care* with nearly half or more of the firms employing these functions noting a skilled applicant shortage. There was a 12 percent increase in employers reporting a *Skilled Trades* shortage from 2019 to 2020. In contrast, *Information Technology* showed a large decrease from last year, dropping from 33 percent in 2019 to 14 percent in 2020.

Percentage of Businesses that Employ Functional Area Staff



Percent of Businesses Statewide Experiencing Shortages of Skilled Applicants



THE LARGEST SHORTAGES STATEWIDE ARE IN **SKILLED TRADES** AND **PATIENT CARE** WITH NEARLY HALF OR MORE OF THE FIRMS EMPLOYING THESE FUNCTIONS STATEWIDE NOTING A SKILLED APPLICANT SHORTAGE.

EMPLOYER SURVEY

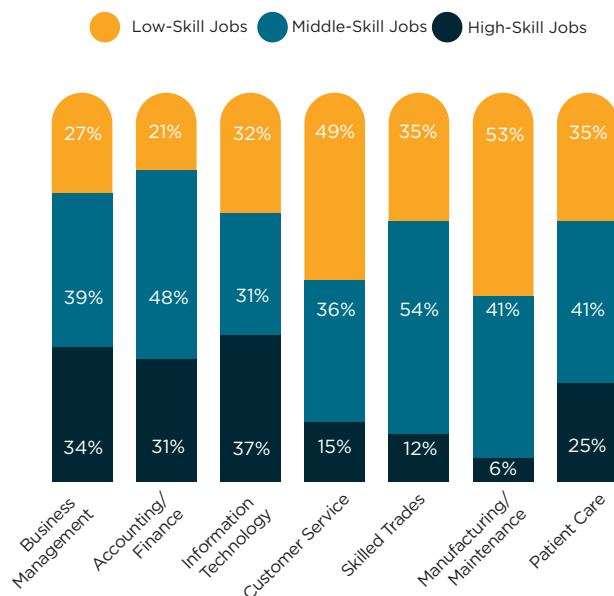
In nearly all skill areas, shortages were higher in non-metro areas vs. metro. Over half (51%) of non-metro employers reported a shortage in *Manufacturing/Maintenance*, followed by *Information Technology* with 21 percent reporting a shortage of skilled applicants compared to only nine percent of metro employers.

Employers were asked to gauge the skill level required to meet the shortages in each of the functional areas. *High-skill* is defined as requiring a four-year degree, *middle-skill* requires additional training or education beyond high school but less than a four-year degree, and *low-skill* is defined as needing high school or less. *Middle-skill* was the most cited skill level in *Business Management*, *Accounting/Finance*, *Skilled Trades* and *Patient Care*. This was similar to 2019 with the exception of *Patient Care*. In 2019, *Patient Care* was mostly lacking for *high-skill* (52%). In 2020 that dropped to 25 percent, with *middle-skill* taking the lead at 41 percent.

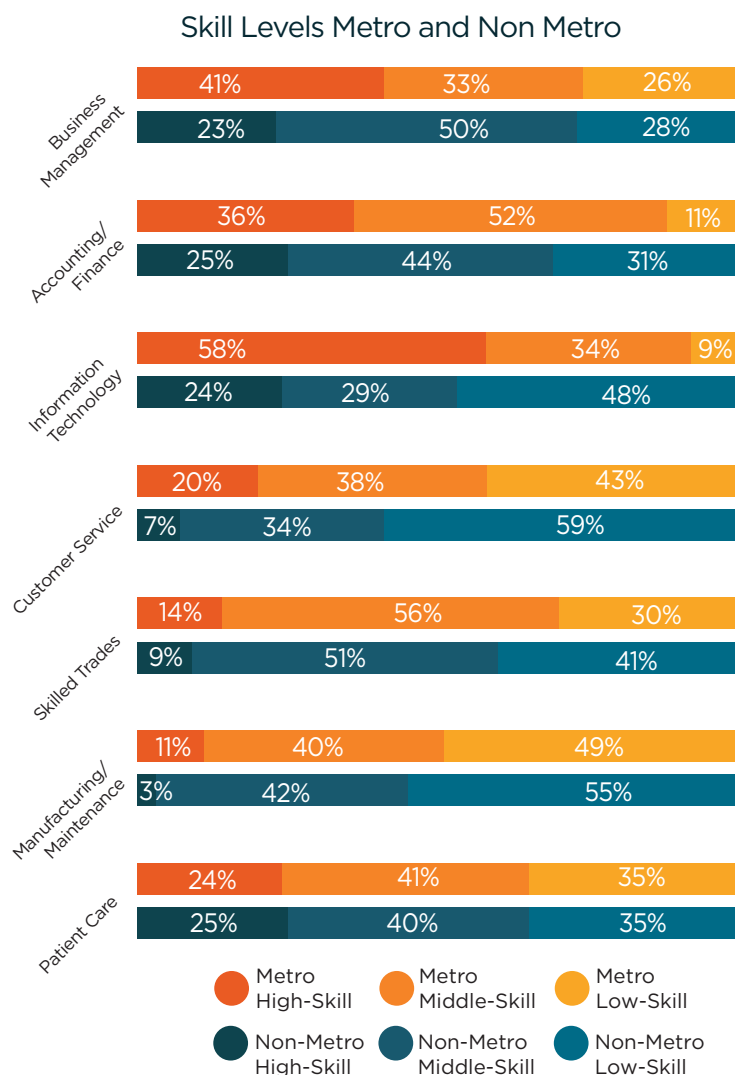
Customer Service and *Manufacturing/Maintenance* were most cited in terms of *low-skill*, as in 2019. The level required for *Information Technology* (IT) shortages this year was *high-skill*, representing a shift away from *middle-skill* listed most often for this functional area in 2019.

The largest response of *middle-skill* as the required level to address a shortage was for *Skilled Trades* (54% vs. 63% in 2019) and *Accounting/Finance* (48% vs. 46% in 2019). Shortages in the *high-skill* jobs were most common in *Information Technology* (37% vs. 24% in 2019) and *Business Management* (34% vs. 36% in 2019). This indicates some shifts in the available jobs.

Skill Levels Required Statewide



IN NEARLY ALL SKILL AREAS, SHORTAGES WERE HIGHER IN NON-METRO AREAS



Responses for some skills differed between metro and non-metro areas, most notably in *Information Technology*. *Information Technology* shortages were more pronounced at *high-skill* levels in metro areas, with 58 percent of *high-skill* *Information Technology* jobs in the metro area compared to 24 percent in non-metro areas needed to fill shortages. Non-metro companies were much more likely to be able to fill their *IT* positions with *low-skilled* employees, with 48 percent in non-metro areas compared to only 9 percent in metro. In metro areas, 41 percent of *Business Management* shortages were in *high-skill* jobs, while in non-metro areas the majority were in *middle-skill* jobs (50%). Responses in *Patient Care*, however, were nearly identical in metro and non-metro areas.

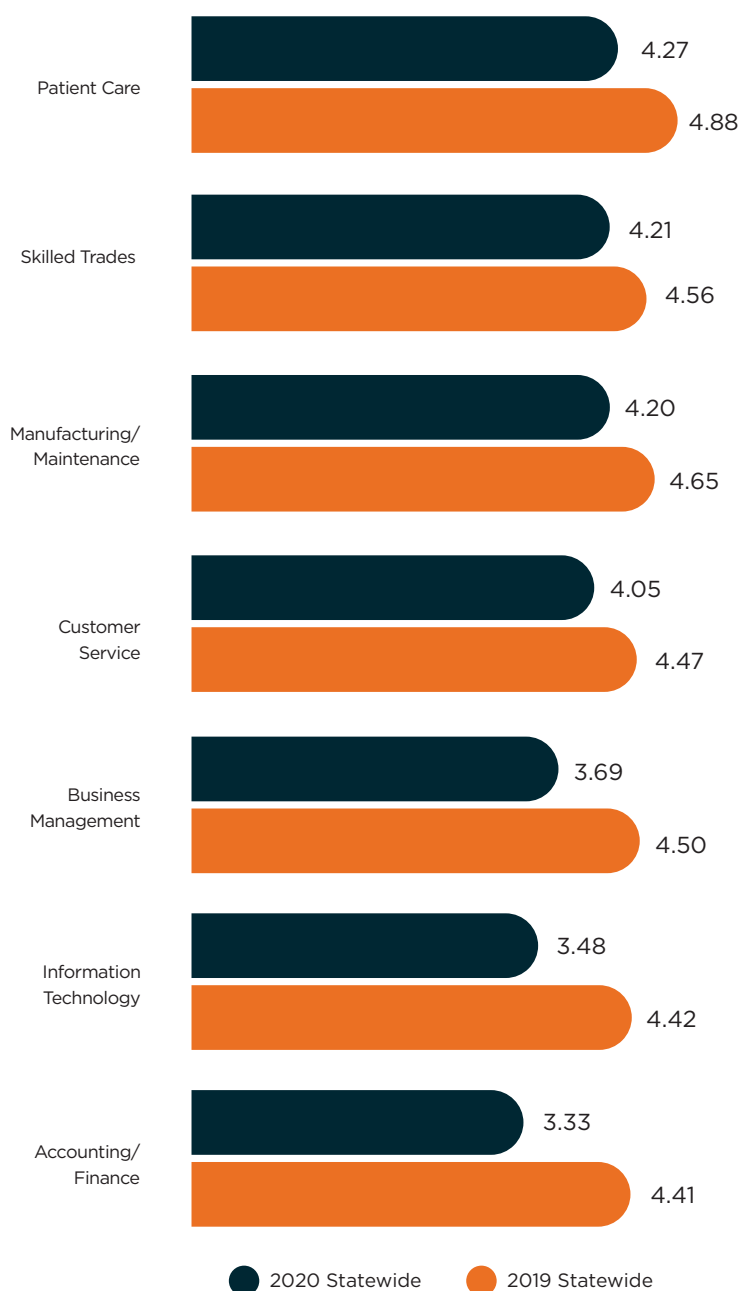
EMPLOYER SURVEY

Missouri employers were asked to rate the importance of skill shortages to their businesses. The rating was based on a five-point scale with five being most important. Responses in all areas were notably lower than in 2019.

As in 2019, *Patient Care* was the leader in 2020, with an average importance rating of 4.27, in line with the strong demand for *middle-skill* jobs in this field. *Skilled Trades* (4.21), *Manufacturing/Maintenance* (4.20) and *Customer Service* (4.05) followed.

Importance of Shortage of Skilled Applicants

Ratings 1 to 5, 1 being the lowest.

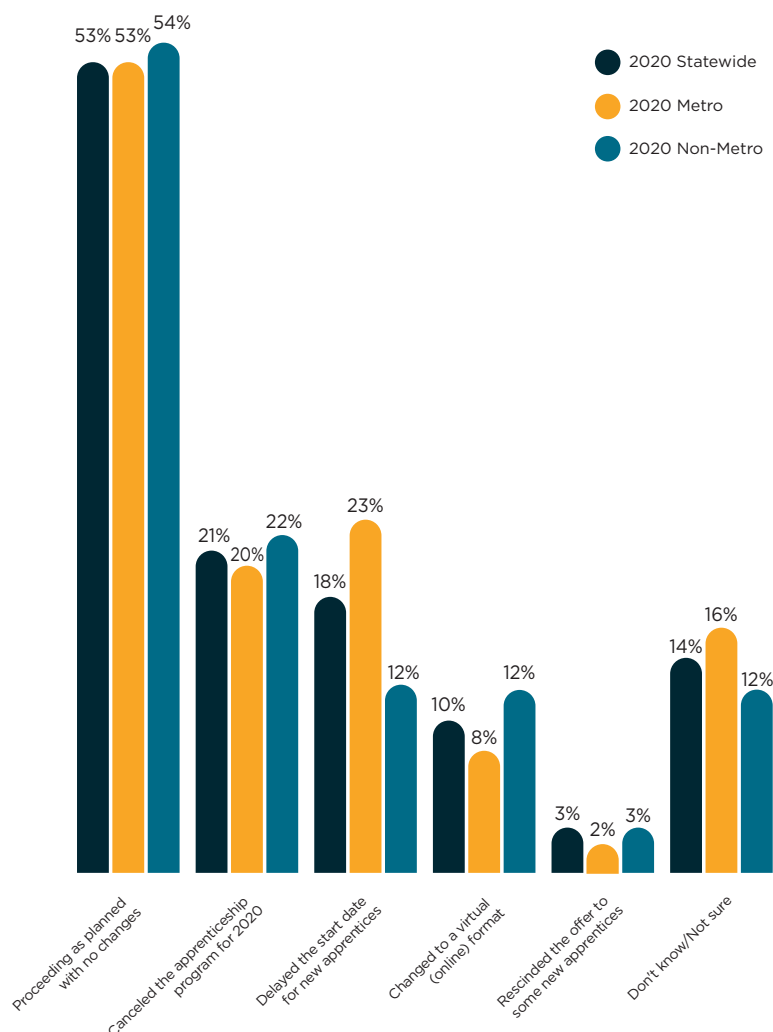


Missouri continues to be a national leader in Registered Apprenticeships, with more than 13,560 active apprentices participating in 489 programs. Apprenticeship programs can be one way of dealing with skill shortages. Workers can obtain on-the-job training through a paid work experience, classroom instruction, and a transferrable credential, while job creators develop and prepare their future workforce.

In 2020, a new question was added to the survey to gauge the impact of COVID-19 on apprenticeship programs. Three-fourths of employers surveyed do not have an apprenticeship program.

Employers engaged in apprenticeships have changed their programs due to COVID-19. Over one-half of surveyed employers said they were proceeding with their apprenticeship program as planned. Metro employers were nearly twice as likely as non-metro employers to delay the start of their programs. Statewide, 21 percent of employers canceled their apprenticeship programs for 2020.

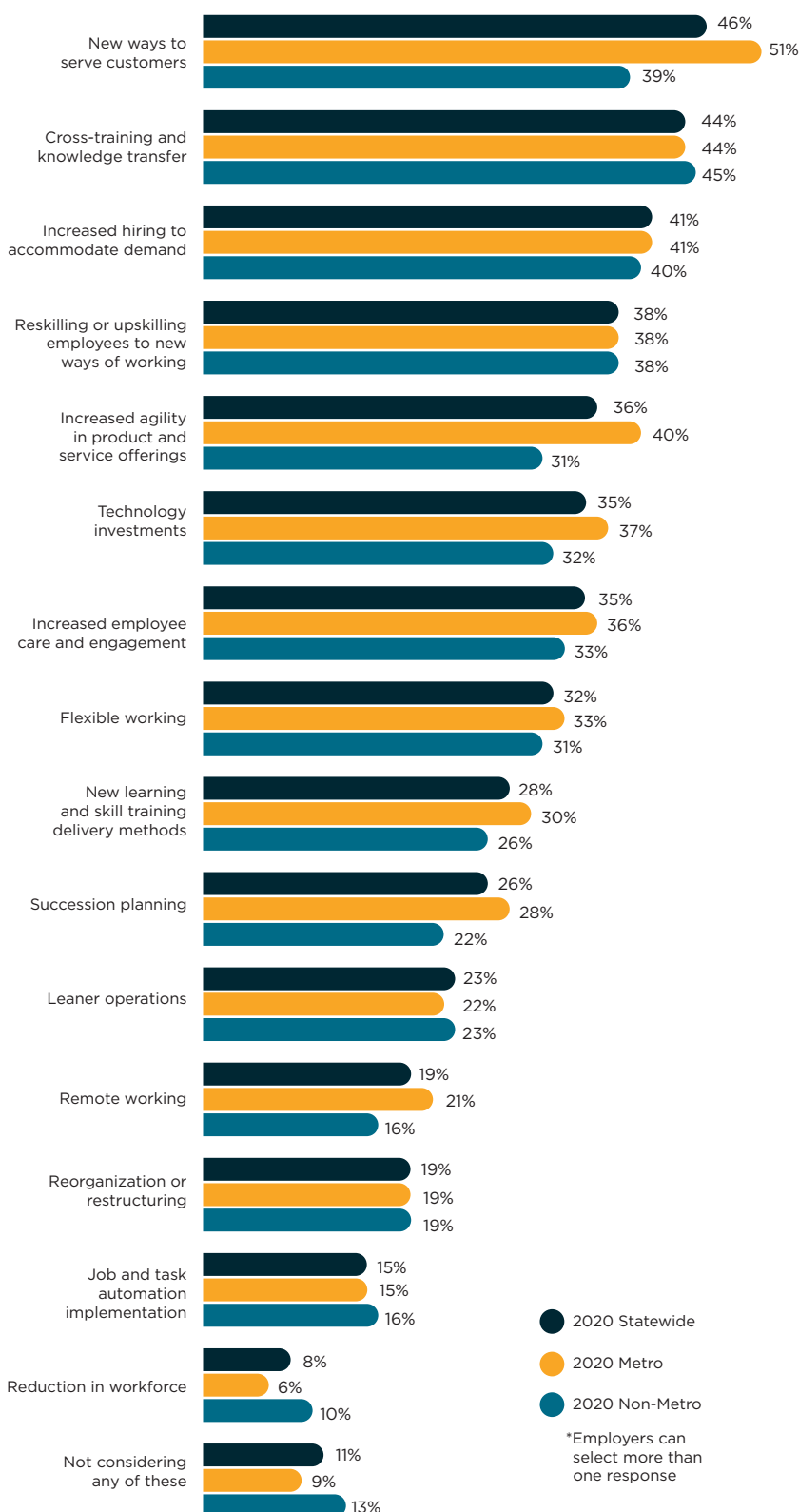
Impact of COVID-19 on Apprenticeship Programs



EMPLOYER SURVEY

WORKFORCE INITIATIVES

Workforce Initiatives Considered for Next Year



As the economy evolves, the needs of customers also change and new technologies emerge. Therefore, businesses constantly have to think of new ways to serve customers. A new question was added to the survey in 2020 to learn about workforce initiatives employers were considering for the next year. The top response statewide was *finding new ways to serve customers*, however, responses varied between metro and non-metro areas. Statewide, 46 percent of employers plan to use this initiative. In metro areas, over half of the responses would use the top method compared to only 39 percent of non-metro employers. Responses varied between metro and non-metro areas in *increased agility in product and service offerings* as well, with 40 percent of metro and 31 percent of non-metro selecting this initiative. In non-metro areas, *cross-training and knowledge transfer* was the most commonly cited workforce initiative at 45 percent.

Statewide, around 40 percent of employers planned to use a combination of three different initiatives: *cross-training and knowledge transfer*, *increased hiring to accommodate demand*, and *reskill or upskill employees*. Encouragingly, only eight percent were considering a *reduction in workforce* across the state.

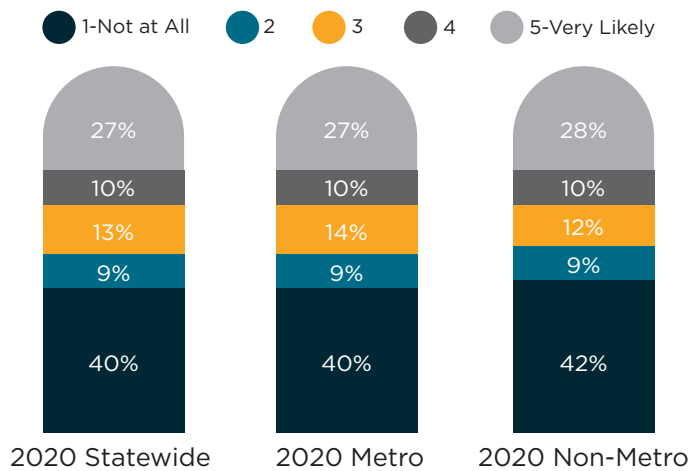
40% OF EMPLOYERS

PLANNED TO USE A COMBINATION OF THREE DIFFERENT INITIATIVES:

1. CROSS-TRAINING AND KNOWLEDGE TRANSFER
2. INCREASED HIRING TO ACCOMMODATE DEMAND
3. RESKILL OR UPSKILL EMPLOYEES

EMPLOYER SURVEY

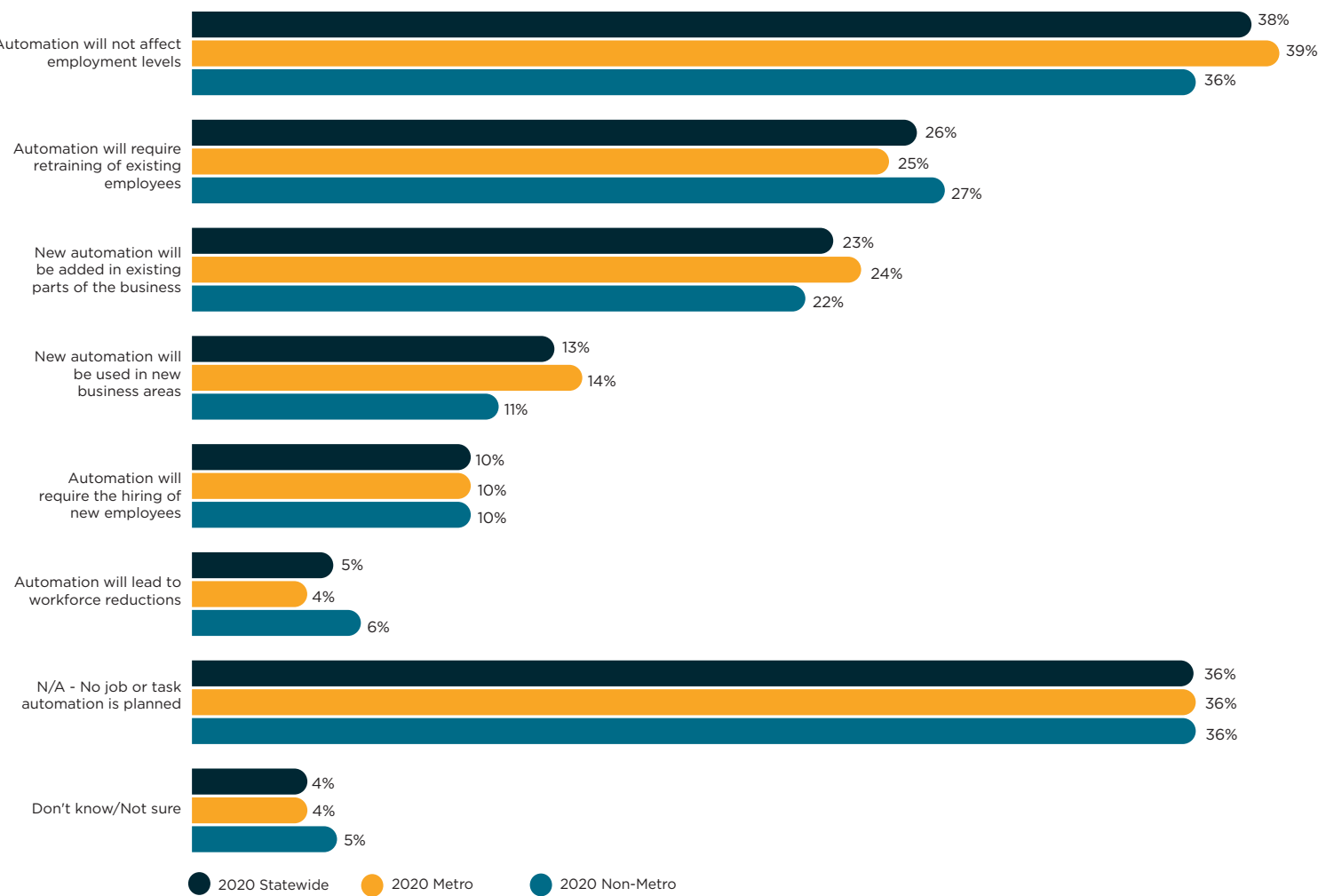
How likely is Your Business to Automate Processes?



Another new question in 2020 asked employers the likelihood of automating processes within the next year. The employer responses inform educators and workforce professionals of training or skill needs for equipment or processes. Employers were asked on a five-point scale how likely they were to incorporate new technologies to automate processes. About two-thirds of employers (63%) were on either end of the spectrum, with 40 percent saying not at all, while 27 percent said they were very likely to automate processes.

Employers were then asked the impacts of job and task automation on their businesses. Thirty-eight percent said it would not affect employment levels, while only five percent said it would lead to workforce reductions. Based on employer responses, in most cases, automation will not lead to loss of jobs. Other top impacts include requiring *training of existing employees* (26%) and *new automation added to existing parts of the business* (23%).

Impact of Job and Task Automation



EMPLOYER SURVEY

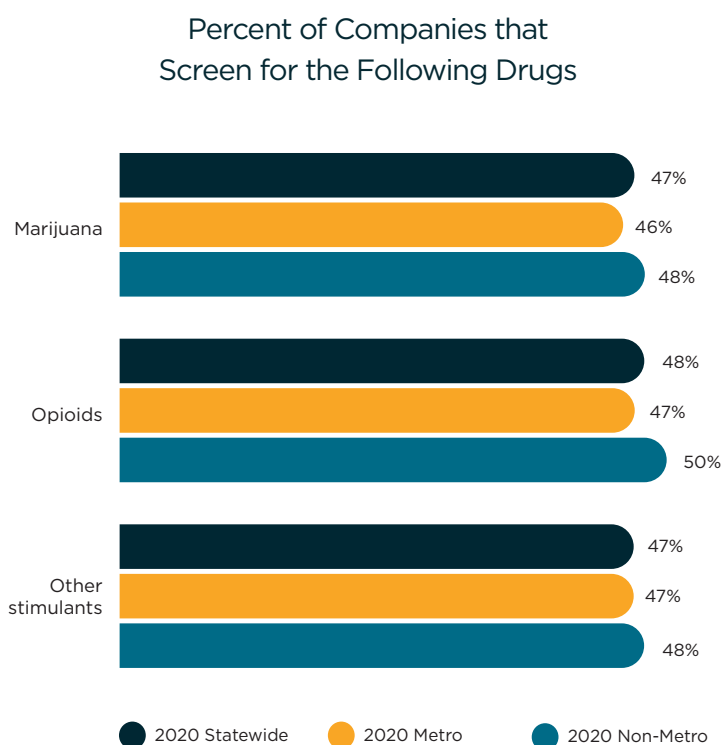
HIRING CONSIDERATIONS

Justice-involved individuals are a portion of the potential workforce for employers. However, individuals who are justice-involved or have difficulty passing a drug screen or background check often have a tough time finding employment.

In 2019, employers were simply asked if a drug screen was required for at least some jobs prior to hire, and 59 percent responded that they did require the testing. In 2020, employers were asked about drug screenings in more detailed categories. Nearly half of employers statewide, or 47 percent, screen for at least one drug type, with little difference between metro and non-metro employers.

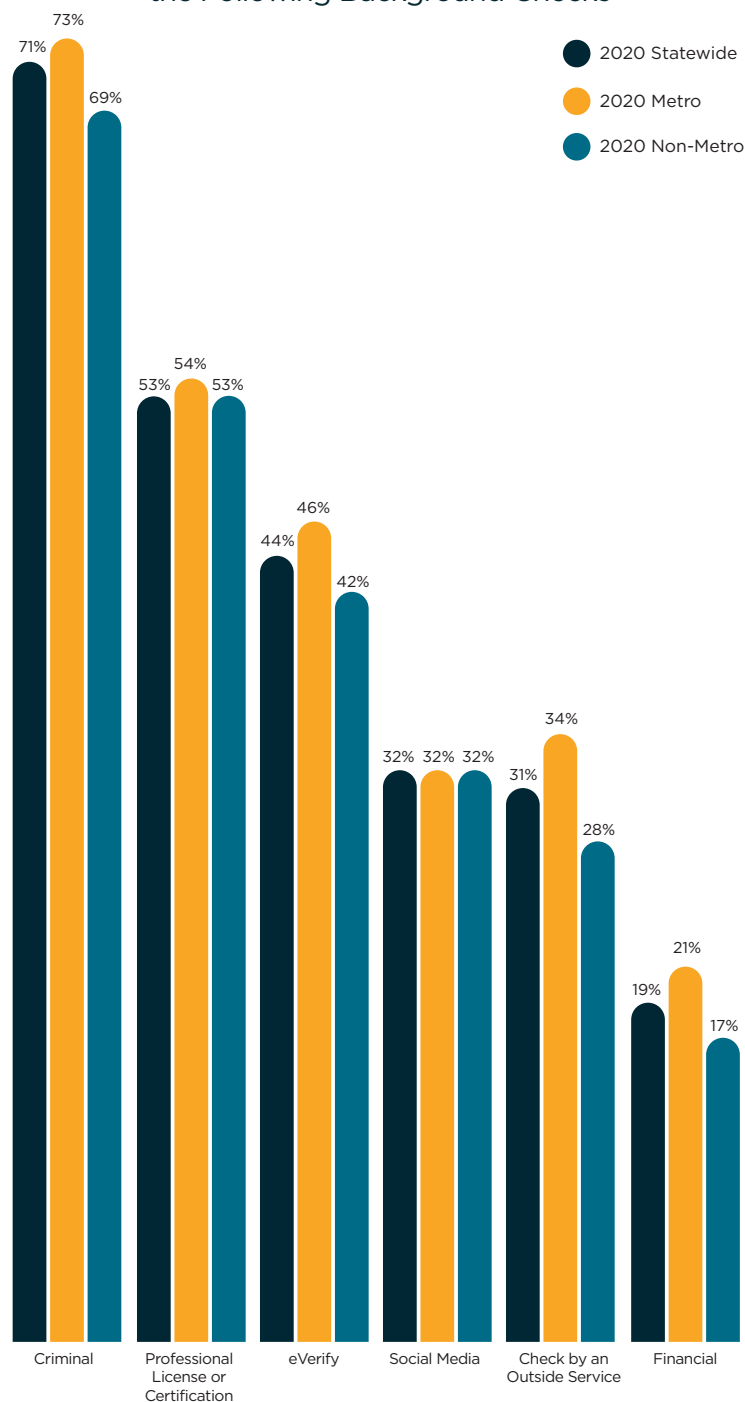
Statewide, employers who conduct drug screens require them for nearly all of their jobs. Forty-seven percent of employers required *opioids screen* for 75-100 percent of their jobs, while 49 percent do not require it for any of their jobs. Forty-seven percent required *marijuana screen* and *other stimulants screen*, while half of employers did not require it for any of their positions. Results were similar in both metro and non-metro areas.

A new question regarding the type of background checks employers perform was added to this year's survey. Nearly three-fourths of employers require a *criminal background check* prior to employment. Slightly more than half (53%) perform *professional license or certification* checks. Like drug screens, most employers who do background checks require them for nearly all of their jobs.



NEARLY 75% OF EMPLOYERS REQUIRE A CRIMINAL BACKGROUND CHECK PRIOR TO EMPLOYMENT.

Percent of Companies that Perform the Following Background Checks



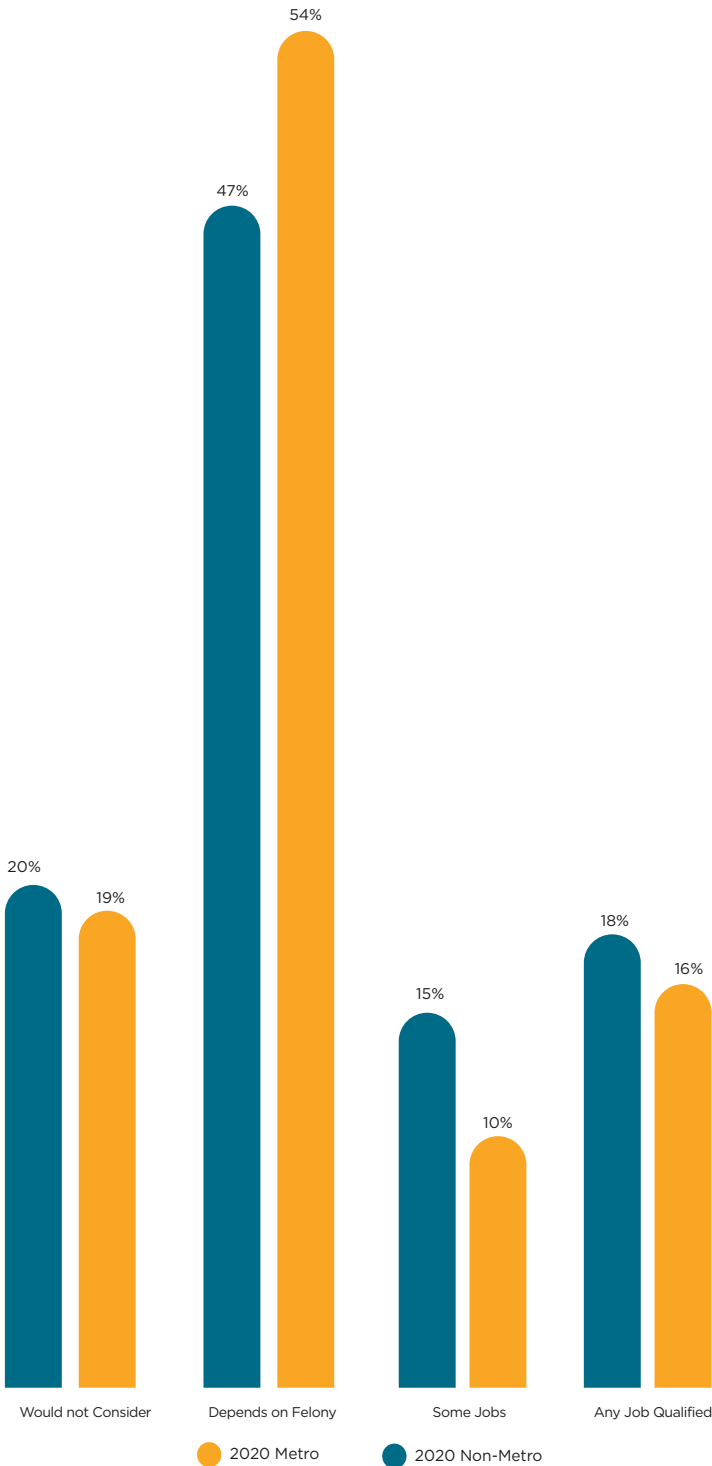
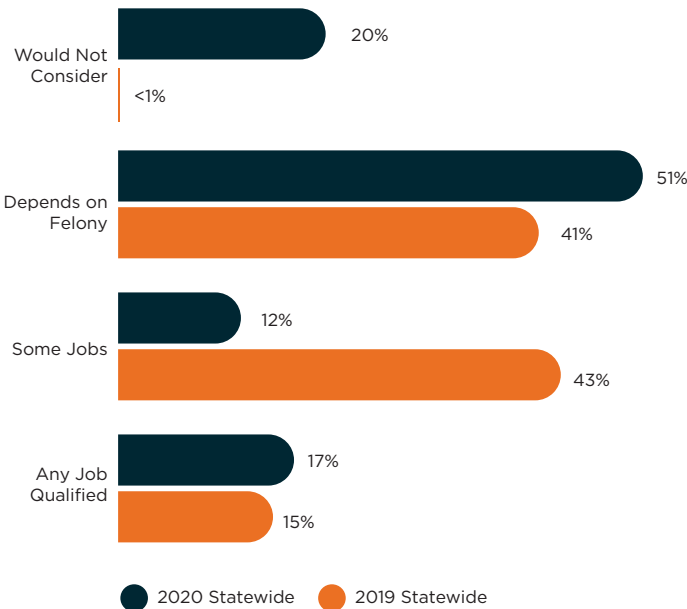
EMPLOYER SURVEY

In 2019, less than one percent of employers surveyed in the state *would not consider* hiring an applicant convicted of a felony offense who had completed his or her sentence and/or probation. At present, however, one-fifth (20%) of employers *would not consider* such an applicant, while more than one-half (51%) said *it depended on the felony*, up from 41 percent in 2019. At 17 percent, the readiness to *consider the applicant for any job for which they were qualified* tracked very closely with the 15 percent reported in 2019.

Even though a greater percentage of total employers would not consider hiring a justice-involved individual in 2020, the metro and non-metro responses from employers indicate a willingness to consider applicants in *any job qualified* and *depends on felony*.

Metro/Non-Metro Hiring of Justice-Involved Applicants

Statewide Hiring Justice-Involved Applicants



EMPLOYER SURVEY

COVID-19 IMPACTS

While there are recent signs of recovery, the COVID-19 pandemic has had an unprecedented impact on the economy and day-to-day business operations. As Missouri looks to continued COVID-19 recovery, several COVID-related questions were added to the survey in 2020 to gather information on the effects of the pandemic on employers. Since its onset, 62 percent of employers have had *concerns about workforce becoming ill*, and 60 percent had experienced *supply chain disruptions*. Additionally, 47 percent reported *increase in demand for certain products*, 45 percent *needed to adjust work schedules and locations*, and 44 percent experienced *canceled orders, slow sales or no sales*. At the same time, 37 percent observed *employee absenteeism* and 36 percent *saw a decrease in demand for certain products*.

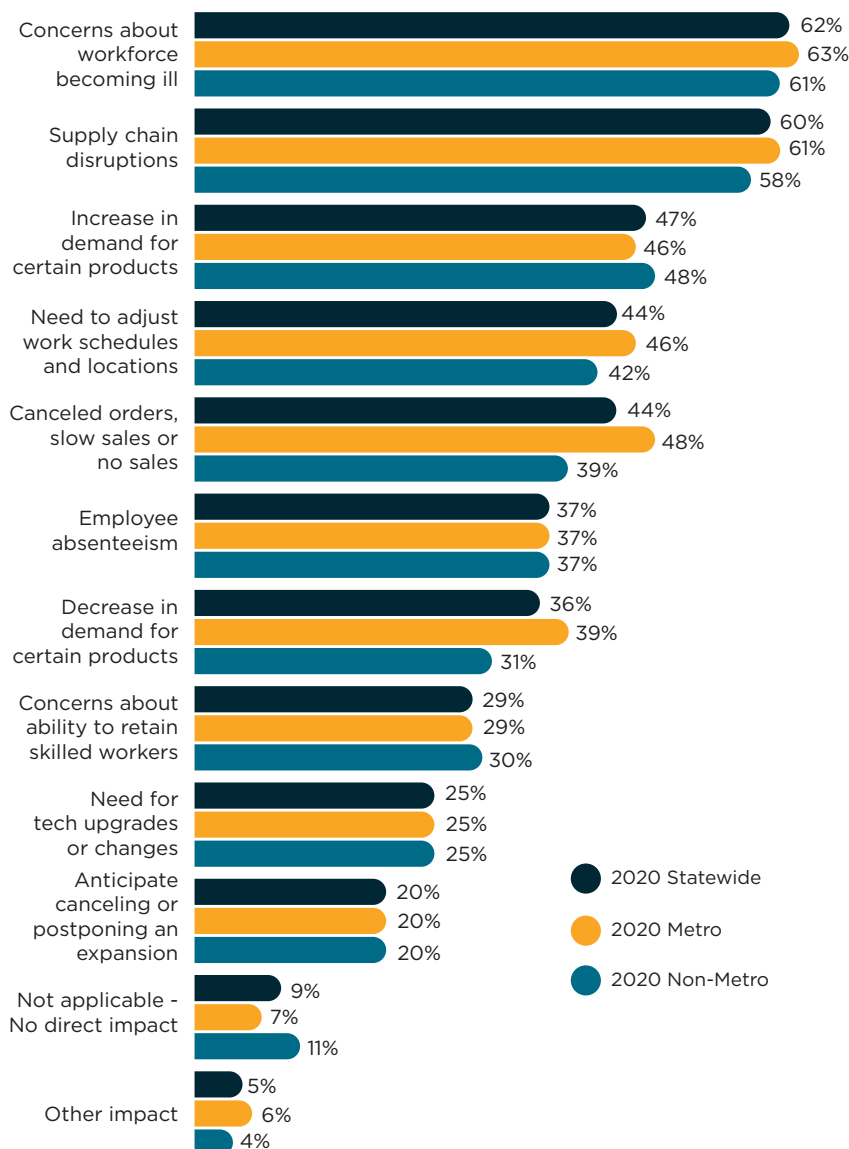
Non-metro employers, however, seemed to have been affected to a lesser degree by *canceled orders or slow sales*, with 48 percent of metro and 39 percent of non-metro employers citing it as an impact. Metro employers were also more likely to have experienced a decrease in *demand for certain products* (39% vs. 31%).

62% OF EMPLOYERS
HAVE HAD CONCERNS ABOUT
WORKFORCE BECOMING ILL

60% OF EMPLOYERS
HAD EXPERIENCED SUPPLY
CHAIN DISRUPTIONS

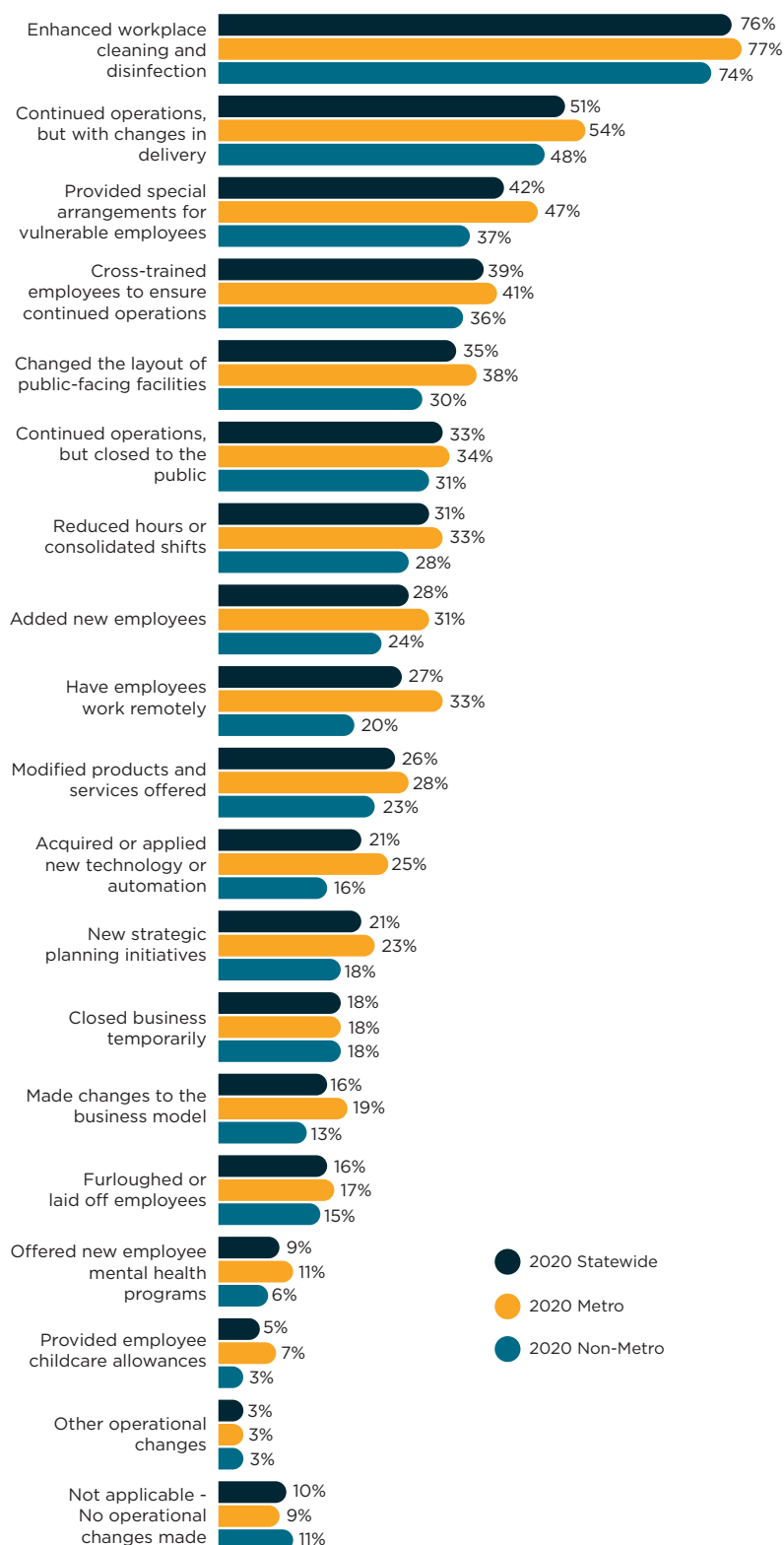
47% OF EMPLOYERS
REPORTED INCREASE IN DEMAND
FOR CERTAIN PRODUCTS

COVID-19 Impacts



EMPLOYER SURVEY

COVID-19 Operational Changes



To address the challenges caused by COVID-19, Missouri businesses had to adapt and introduce operational changes, with *enhanced workplace cleaning and disinfection* topping the list at 76 percent. Just over one-half of interviewed businesses reported they were able to *continue operations, but with changes in delivery* (such as *curbside pickup* or *remote appointments*), while 43 percent *provided special arrangements for vulnerable employees* (those most susceptible to COVID-19). Other common measures included *cross-training employees to ensure continued operations* (39%), *changing the layout of public-facing facilities* (35%), and *continuing operations but closing to the public* (33%).

About one-fourth (27%) had employees working remotely, which was more common in metro (33%) than non-metro (20%) areas.

With remote work being more common during the pandemic, employers were asked what challenges, if any, they had with employees working remotely (page 17). The majority of employers either *did not have employees working remotely* (41%), or *had not experienced any challenges to working remotely* (22%). For employers that did have issues, the top challenge statewide was *jobs that are not suitable for remote work*.

A greater percentage of non-metro employers reported having no remote work compared to metro employers. Therefore, it makes sense that metro employers may face more challenges with remote work than their non-metro counterparts. In every category, metro employers reported a higher percentage of issues than non-metro employers.

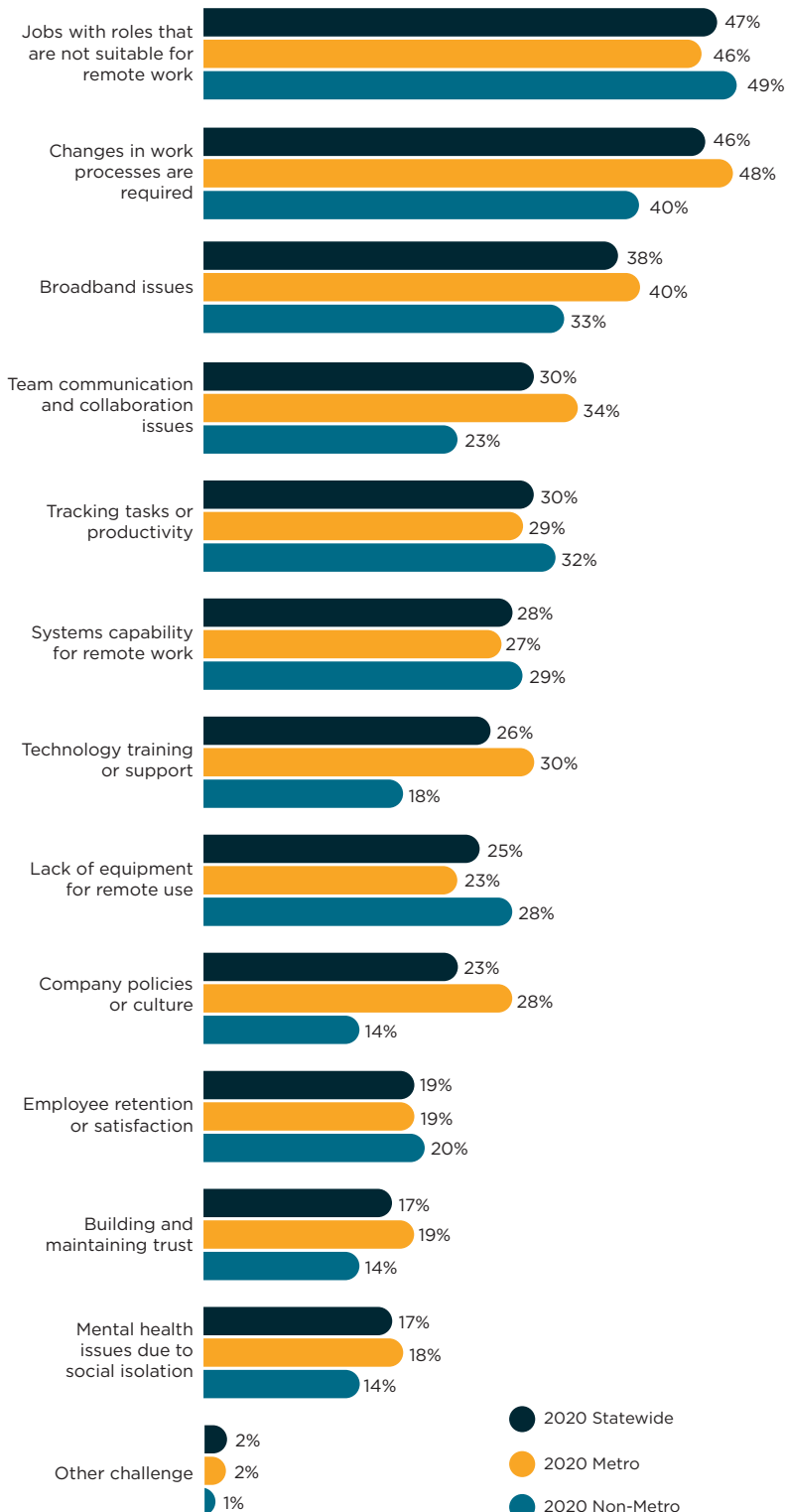
To combat COVID-19, business shutdowns occurred within some industry groups. One way to deal with lost revenue is to reduce labor costs. Encouragingly, nearly three-fourths (74%) of employers do not plan to reduce labor costs (page 17).

For the one-fourth that are looking to reduce labor costs, the most frequently mentioned cost reduction was *changing employees from full-time to part-time status* (33%), followed by *delaying or canceling merit increases* (28%), *reducing or cancelling incentive bonuses* (25%), and *instituting a hiring freeze* (20%).

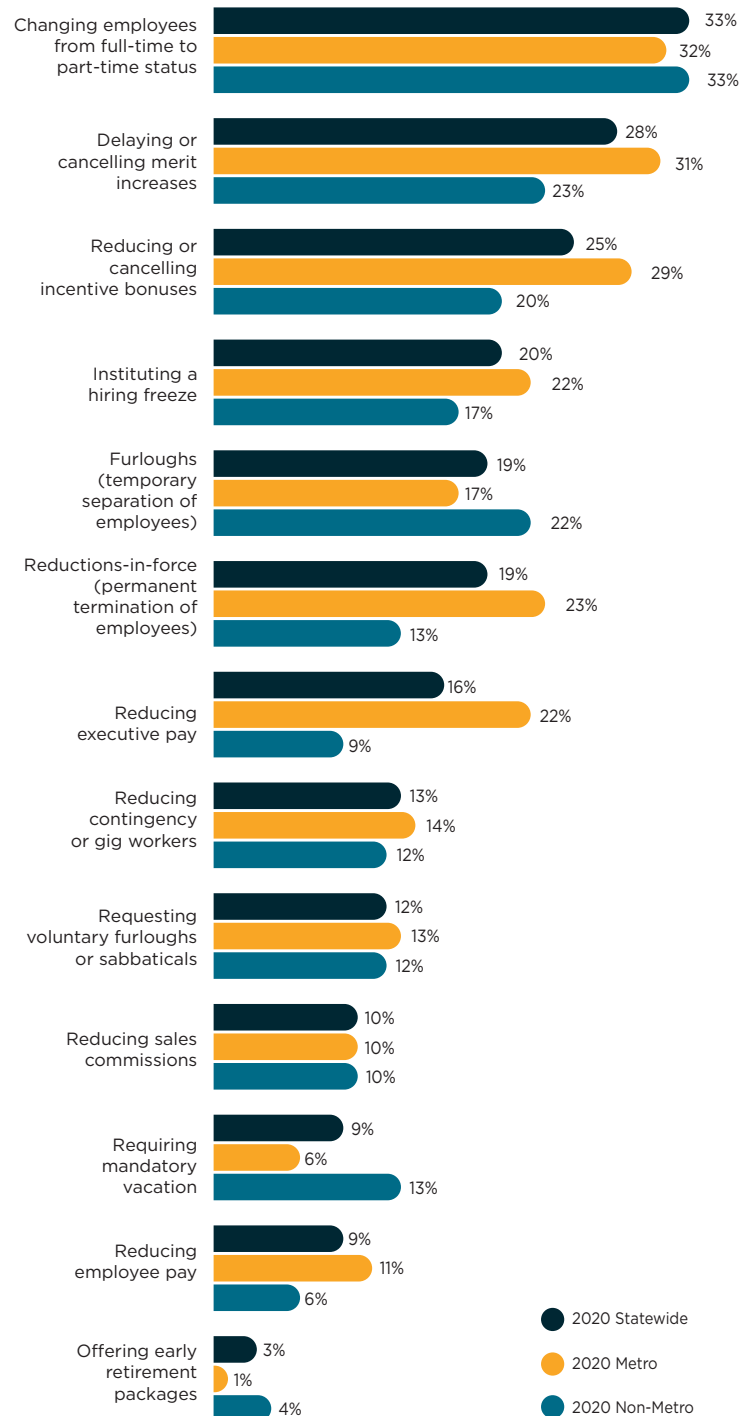
While responses were similar in the top method of *changing employees from full-time to part-time status*, many responses varied between metro and non-metro areas. More metro employers said they planned to *cut executive pay* than non-metro (22% vs. 9%), while non-metro were more likely to *require mandatory vacation* (13% vs. 6%). Non-metro employers were also less likely to institute a *reduction in force* (13% vs. 23%) and *delay or cancel merit increases* (23% vs. 31%).

EMPLOYER SURVEY

Remote Work Challenges



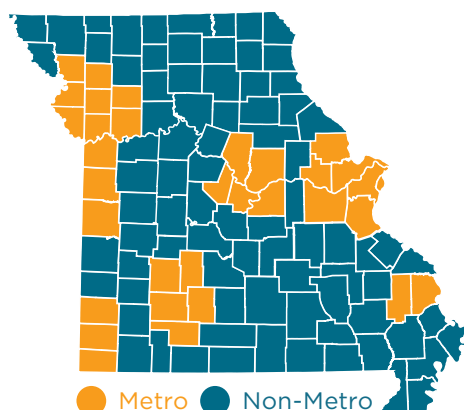
Planned Labor Cost Reduction Methods



● 2020 Statewide
 ● 2020 Metro
 ● 2020 Non-Metro

EMPLOYER SURVEY

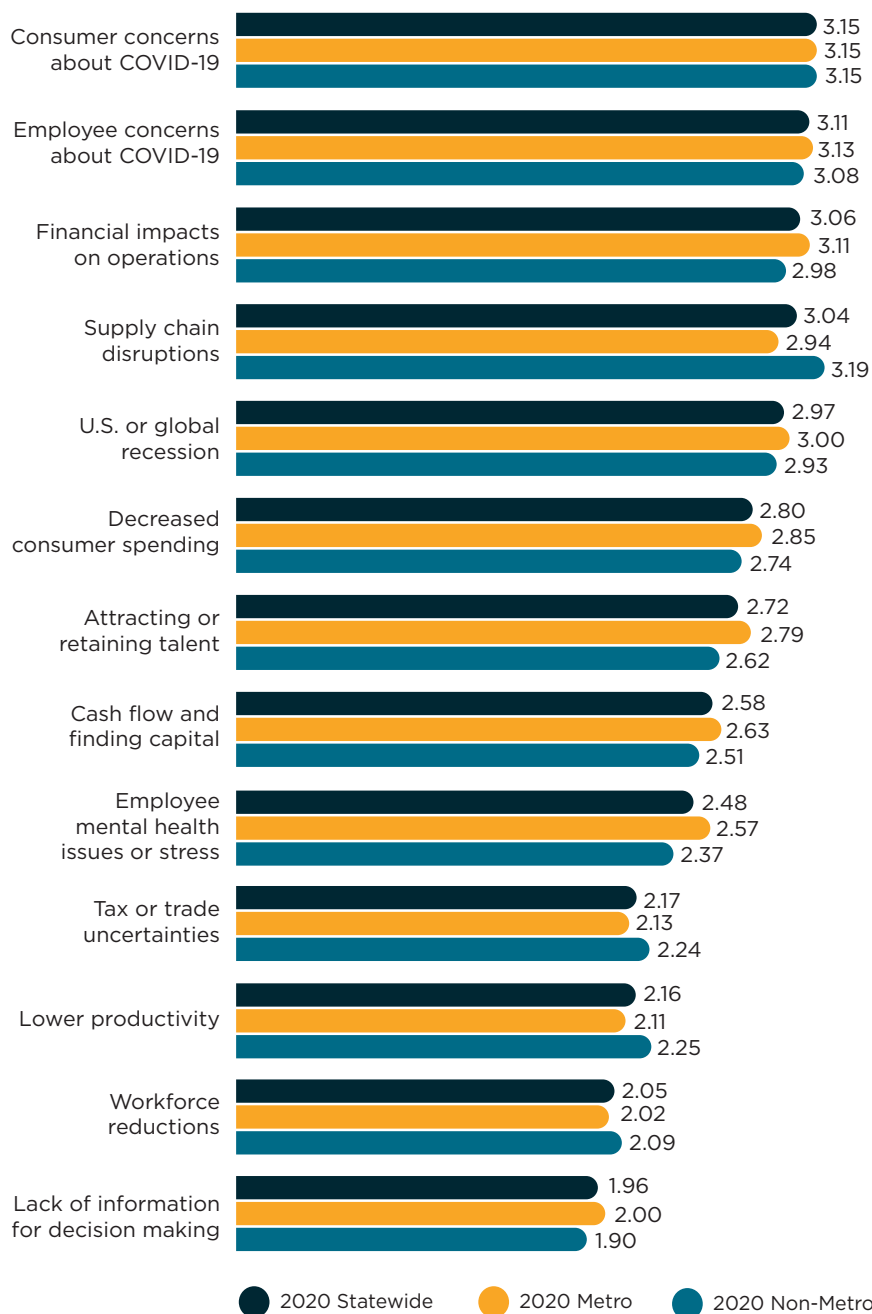
As businesses begin to reopen, many employers have concerns. The survey asked about the importance of such concerns by asking employers to address each on a five-point scale to identify those areas of greater concern. With a weighted average of 3.15 on a 1-to-5 scale, where five stood for “very concerned” and one for “not concerned” employers were most worried about *consumer concerns about COVID-19*. Employers in metro and non-metro areas cited this as the most significant concern. *Employee concerns about COVID-19* (3.11) and *financial impacts on operations* (3.06) followed closely in the rankings. Metro and non-metro employers ranked the concerns relatively the same.



EMPLOYERS WERE MOST WORRIED ABOUT CONSUMER CONCERNS ABOUT COVID-19. EMPLOYERS IN METRO AND NON-METRO AREAS CITED THIS AS THE MOST SIGNIFICANT CONCERN.

EMPLOYEE CONCERNS ABOUT COVID-19 FINANCIAL IMPACTS ON OPERATIONS WAS ALSO A TOP CONCERN. METRO AND NON-METRO EMPLOYERS RANKED THE CONCERNS RELATIVELY THE SAME.

Importance of Business Concerns Looking Forward



EMPLOYER SURVEY

SUMMARY

Missouri's second annual Employer Survey helps in understanding how the pandemic has affected employers and their workforce needs as businesses change the way they operate and continue to serve their customers.

The survey was originally scheduled to begin in March, about the time that COVID-19 began affecting every aspect of life. The decision was made to delay the survey until July in an effort to reach more employers as they reopened for business. While a statistically significant number of employers participated, even obtaining survey results was more difficult during COVID-19, and a smaller number of businesses participated in the survey in 2020 compared to 2019.

More than half of employers reported that staffing levels within their businesses remained the same as the previous year. As an additional encouraging note, 20 percent of employers *expanded employment either slightly or significantly*. Employers in metro areas were more likely to report decreases in employment levels than non-metro areas, perhaps due to early concentrations of COVID-19 in the metro areas. Fifty-eight percent of employers responded that COVID-19 was the driver for significant increases or decreases in employment.

Looking ahead, employers are optimistic about employment levels in the coming year. Statewide, a majority of employers, or 56 percent, expect staffing levels to remain the same over the next 12 months. Missouri's metro employers were slightly more hopeful than non-metro in expanding employment over the next 12 months (42% metro vs. 33% non-metro).

Interestingly, more employers plan to hire *full-time* workers rather than *part-time* as compared to 2019. This is a nod to employer confidence in making the long-term commitment to hire *full-time* workers instead of hiring *contract workers* or *temporary agencies* to meet staffing needs.

Employers continue to face barriers to expanding employment. As with last year, the biggest barrier continues to be a *shortage of workers with the knowledge or skills needed for the job*. Nearly half of employers reported this as an issue, a slight decrease from last year. *COVID-19 issues* were cited as a barrier for 25 percent of employers, which is not surprising since many businesses have faced closures or changed how they do business to continue serving customers. Fewer employers report *government regulations* or *economic conditions* as a barrier to expanding employment compared to last year.

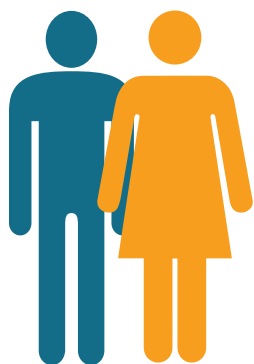
Skills and education are crucial components of the workforce. This year, over half of employers indicated that they have *no positions that require no experience or that require four or more years of experience*. This is an indication that middle-skill jobs are most needed by employers. Companies seem hesitant to budget funds to train workers, perhaps due to the uncertainty of COVID-19. Compared to last year, employers are less likely to offer *flexible schedules to accommodate education, in-house classroom training, tuition reimbursement, vendor training, and community college provided training*. Instead, 86 percent of employers say they are *addressing skills shortages with on-the-job training*.

Companies employ workers in many different occupational families, or functional groups. The largest shortages statewide are in the *Skilled Trades* and *Patient Care* functional groups. Last year, 33 percent of employers identified a skilled applicant shortage in *Information Technology*, compared to only 14 percent of employers in 2020. In nearly all functional areas, shortages of skilled applicants were higher in non-metro areas than in metro areas.

Missouri continues to be a national leader in Registered Apprenticeships. Twenty-five percent of the employers surveyed operate an *apprenticeship program*, and half are *proceeding with their programs as planned*. Metro employers were nearly twice as likely to *delay their programs*, while 21 percent *canceled their programs* for the year.

Some businesses are planning to *automate processes and incorporate new technologies into their businesses*, indicating a possible need for upskilling to operate new equipment or processes. Most employers indicating that they are *very likely to invest in automation* anticipate no impact on employment levels.

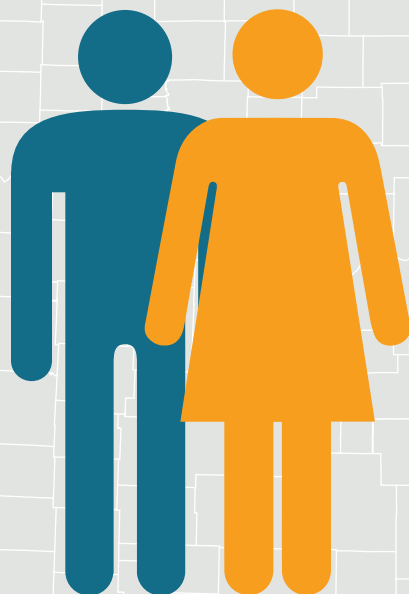
Justice-involved individuals represent a potential workforce for employers, but may have a difficult time securing employment. Twenty percent of survey respondents state that they would *not consider hiring an applicant convicted of a felony offense who had completed their sentence and/or probation*, up significantly from less than one percent in 2019. Perhaps this shift in sentiment is due to higher unemployment rates and larger pools of job applicants.



**20% OF
EMPLOYERS
EXPANDED EMPLOYMENT
EITHER SLIGHTLY
OR SIGNIFICANTLY**

EMPLOYER SURVEY

MISSOURI BUSINESSES ADAPTED TO THE CHALLENGES CAUSED BY COVID-19 TO CONTINUE OPERATIONS.



75% OF BUSINESSES
ENHANCED WORKPLACE CLEANING AND
DISINFECTION.

50% OF BUSINESSES
CHANGED THEIR DELIVERY MODELS, SUCH AS
IMPLEMENTING CURBSIDE PICKUP OR REMOTE
APPOINTMENTS.

COVID-19 impacted day-to-day business operations in many ways. Sixty-two percent of employers report concerns about the *workforce becoming ill*, while 60 percent have *experienced supply chain disruptions*. Metro employers were impacted more than non-metro counterparts by *canceled orders* or *slow sales* and with *decreased demand for certain products*.

Missouri businesses adapted to the challenges caused by COVID-19 to continue operations. Seventy-five percent of businesses enhanced *workplace cleaning and disinfection*, while half *changed their delivery models*, such as implementing curbside pickup or remote appointments, indicating the resiliency of businesses as they continued to serve customers despite the pandemic.

Remote work became more common due to COVID-19, and employers faced a few hurdles in making that shift. The top issue for employers is that *many jobs are not suitable for remote work*, with the issue being more common in non-metro areas than metro.

Encouragingly, 74 percent of employers are *not planning to reduce labor costs*. For the businesses that will be reducing labor costs, the most frequently mentioned method was *moving employees from full-time to part-time*, followed by *delaying or cancelling merit increases*, or *reducing or canceling incentive bonuses*. More metro employers said they planned to *cut executive pay*, while more non-metro employers were more likely to *require mandatory vacation*.

As businesses reopened statewide, employers have lasting concerns about their business operations. *Supply chain disruptions* and *consumer concerns about COVID-19* top the list for employers, followed by *employee concerns about COVID-19* and *financial impacts on operations*.

The information gathered from employers offers valuable insight on the workforce and business needs of employers as they navigate new ways of doing business. Although it was a challenging year, 2021 brings hope of a new normal as vaccine trials are showing promising results.

EMPLOYER SURVEY

METHODOLOGY

2020 has presented many challenges to the survey. The survey typically begins in March, which for this year, was about the time that COVID-19 began impacting all aspects of life and business. The start of the survey was delayed to July as businesses began to reopen across the state.

Delaying the survey also presented opportunities. Beginning the survey later allowed the addition of questions to try to understand the impacts of COVID-19 on businesses. COVID-19 specific responses were also added to existing questions to help in understanding changes in the workforce and employer needs during the first phases of recovery.

Companies were randomly selected from a categorized list of Missouri businesses from the ReferenceUSA employer database. When the survey began, the employer contact rate was very low (18%) due to business closures, both temporary and permanent. The number of companies reached that did not qualify to participate in the survey (i.e., those with fewer than 5 employees) was also higher, likely due to firms being forced to downsize.

These factors contributed to the decision to review the response rates. So that the survey could continue with a statistically reliable number of respondents, the decision was made to maintain a Confidence Level of 90 percent and move to a 4.27 percent Margin of Error in both the metro and non-metro areas of Missouri. This allowed the survey to continue and gather timely and relevant information from employers. The industries selected for the survey were chosen to reliably represent a composite picture of the state's economy, with a statistically significant sample surveyed from each of the industry categories in the approximate ratio that they compose the metro and non-metro regions of the entire state.

Responses were gathered from 400 employers located in metro areas and the remaining 290 were from non-metro areas of the state. Forty-two percent of respondents had 11-49 employees, while 40 percent had 5-10 employees, and 18 percent had more than 50. Results were similar in both metro and non-metro areas. Companies were asked 21 questions about hiring trends, skill needs and shortages, experience and education requirements, as well as the effects COVID-19 had on their businesses.

ACKNOWLEDGEMENTS

The department would like to thank the 690 employers who agreed to be interviewed for this survey.

Thank you also to St. Louis Community College and its Workforce Solutions Group for supporting this effort with survey development assistance. The college has conducted an annual survey of St. Louis companies for over a decade and refined the survey questions over that period to add insights that are implemented in this report.

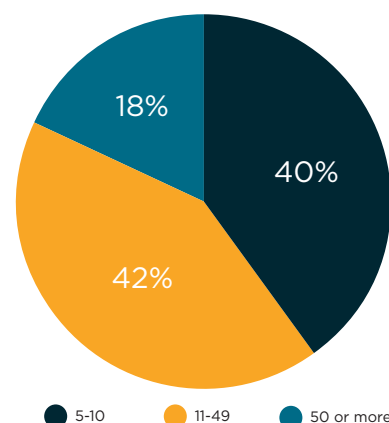
The department would also like to acknowledge the efforts of Issues & Answers Network, Inc., for conducting the survey.

Businesses Surveyed

NAICS Code	Industry Description	# of Businesses Surveyed
11	Agriculture, Forestry, Fishing and Hunting	12
23	Construction	55
31-33	Manufacturing	37
42	Wholesale Trade	32
44-45	Retail Trade	88
48-49	Transportation and Warehousing	19
51	Information	9
52	Finance and Insurance	44
53	Real Estate and Rental and Leasing	31
54	Professional and Technical Services	57
56	Administrative and Waste Services	27
61	Educational Services	7
62	Health Care and Social Assistance	113
71	Arts, Entertainment, and Recreation	18
72	Accommodation and Food Services	64
81	Other Services	55
	Other Small Sectors*	22
Total		690

OTHER SMALL SECTORS WITH LESS THAN 1% OF ESTABLISHMENTS: NAICS 21 MINING, QUARRYING, AND OIL AND GAS EXTRACTION, NAICS 22 UTILITIES, NAICS 55 MANAGEMENT OF COMPANIES AND ENTERPRISES, NAICS 99 UNCLASSIFIED

Employment Size of Firms Surveyed



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